



County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES

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PHILIP L. BROWNING
Director

SHERYL L. SPILLER
Chief Deputy

May 10, 2011

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#26 MAY 10, 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Board of Supervisors

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The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**RECOMMENDATION TO INCLUDE AN UNSPENT FUNDS PROVISION AND ANY RELEVANT
UPDATED TERMS AND CONDITIONS IN ALL FIXED-FEE CONTRACTS WITH PRIVATE, NON-
PROFIT AGENCIES
(ALL DISTRICTS – 3 VOTES)**

SUBJECT

The Department of Public Social Services (DPSS) seeks to amend its contracts with private, non-profit agencies to include an unspent funds provision and any relevant updated terms and conditions.

IT IS RECOMMENDED THAT YOUR BOARD:

Delegate authority to the Director of DPSS or his designee to prepare and execute amendments in substantially similar form to the attached amendment, to all DPSS' contracts with private, non-profit agencies, to include an unspent funds provision and to add any relevant updated terms and conditions.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Board approval of the recommended action will allow for the reinvestment or return of unspent funds in all the Department's existing contracts with private, non-profit agencies and the inclusion of any relevant updated terms and conditions in such contracts.

Revenues paid to the contractors in excess of actual costs for services rendered including interest earned are treated as unspent funds. The Department intends to amend these contracts within 12 months of the recommended action's approval.

At the County's sole discretion, contractors will be required to either return all unspent funds or

reinvest them within a timeframe approved by the County to fund enhanced program related services, not the services already required to be provided by the contract.

Some of the Department's contracts with private, nonprofit agencies already include an unspent funds provision. The recommended action will require the other private, nonprofit agencies that contract with the Department to return or reinvest their unspent funds. All future fixed fee contracts with private non-profit agencies will also include this provision. The recommended action is supported by the Auditor-Controller (A-C).

Implementation of Strategic Plan Goals

The recommended action is consistent with the principles of the Countywide Strategic Plan Goal 1, Operational Effectiveness: Maximize the effectiveness of the County's processes, structure and operations to support timely delivery of customer-oriented and efficient public services, and Goal 2, Children, Family and Adult Well-Being: Enrich lives through integrated, cost-effective and client-centered supportive services.

FISCAL IMPACT/FINANCING

There will be no fiscal impact.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On November 16, 2010, the County received approval from the California Department of Social Services to include an unspent funds provision in all DPSS fixed-fee contracts with private non-profit agencies.

The Chief Executive Office and County Counsel have reviewed this Board letter and County Counsel has approved the amendment as to form. The A-C has also reviewed and approved this Board letter and the unspent funds provision. The amendment will not result in unauthorized disclosure of confidential information and will be in full compliance with federal, State and County regulations.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

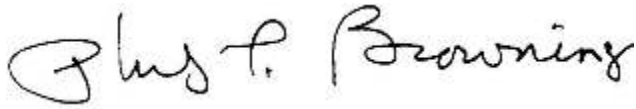
The recommended action will not infringe on the role of the County in relationship to its residents and the County's ability to respond to emergencies will not be impaired. There is no change in risk exposure to the County.

CONCLUSION

The Executive Officer, Board of Supervisors, is requested to return one adopted, stamped Board letter to the Director of DPSS.

The Honorable Board of Supervisors
5/10/2011
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Respectfully submitted,

A handwritten signature in black ink, reading "Philip L. Browning". The signature is written in a cursive style with a large, stylized "P" and "B".

PHILIP L. BROWNING
Director

PLB:kb

Enclosures

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

**AMENDMENT NUMBER XX
TO THE XXXXXX CONTRACT WITH
XXXXX**

Reference is made to the document entitled, *“Contract by and between County of Los Angeles and XXXXX”*, dated XX,XX,XXXX, and further identified as County Contract Number XXX, hereinafter collectively referred to as the *“Contract.”*

Effective upon the signature of the Director of the Department of Public Social Services (DPSS), the Contract is amended as follows:

1. SECTION A, INVOICES AND PAYMENTS, Subsection A.1 is added as follows:

A.1 Unspent Funds

A.1.1 At the end of each Fiscal Year and at the end of the contract term, any excess funds and interest the CONTRACTOR has accumulated for the provision of **XXXXXX** Services are to be treated as Unspent Funds.

A.1.2 At COUNTY's sole discretion, these Unspent Funds may be retained by the CONTRACTOR to fund enhanced program related services, not the services already required to be provided by the Contract. The use of the Unspent Funds must be reasonable and allowable.

A.1.3 CONTRACTOR shall be responsible for tracking all Contract payments and expenditures for the program, including submission of the following:

A.1.3.1 An Expenditure Report on Contract revenues versus expenditures for each Fiscal Year must be submitted to DPSS Contract Management Division (CMD) on July 31st following the end of each Fiscal Year and no later than one month after the end of the contract term. Any revisions to the Expenditure Report shall be submitted to CMD no later than ten (10) calendar days after submission of the original Report. The purpose of the Expenditure Report is to identify the amount of Unspent Funds and its earned interest. The Expenditure Report will be reviewed by the COUNTY.

A.1.3.2 The COUNTY reserves the right to change the Expenditure Report reporting periods.

A.1.4 A Disposition Plan on how the Unspent Funds and its earned interest will be reinvested must be submitted by CONTRACTOR to COUNTY with the CONTRACTOR's Expenditure Report.

- A.1.4.1 Unspent Funds must be used to enhance the already approved program services and must be spent on items above and beyond those items identified in the Contract and the contract budget. The Disposition Plan must include a budget in accordance with the principles included in OMB Circular A-122 ([http:// www. whitehouse. gov/omb/ circulars default](http://www.whitehouse.gov/omb/circulars/default)). The Disposition Plan will be reviewed by the COUNTY and is subject to approval at the COUNTY's sole discretion. Unspent Funds must be used within the Fiscal Year that the Disposition Plan is approved or within a time period determined by the COUNTY.
- A.1.4.2 In addition, the Disposition Plan must include a detailed description of the services to be provided, the duration of those services, measurable outcomes, monitoring plan, all reporting and record keeping activities and a budget.
- A.1.4.3 If the COUNTY does not approve the CONTRACTOR's Disposition Plan, the COUNTY will request the Unspent Funds and its earned interest be returned to the COUNTY within thirty (30) days after COUNTY's disapproval of the Disposition Plan. The CONTRACTOR must comply with the COUNTY's request.
- A.1.4.4 COUNTY has the right to evaluate the effectiveness of services provided under the Disposition Plan. If COUNTY finds the services are not effective, the services under the Disposition Plan may be terminated at COUNTY's sole discretion and CONTRACTOR must return the remaining Unspent Funds and its earned interest to the COUNTY.
- A.1.4.5 The CONTRACTOR must submit a Final Disposition Report to the COUNTY within thirty (30) days after the scheduled completion date of an approved Disposition Plan. The Final Disposition Report shall reflect the final status on the completion of all tasks included in the Disposition Plan, as well as all of the final outcomes of said tasks and a final statement on expenditures. Any Unspent Funds remaining after the completion of the approved Disposition Plan must be returned to the County with the Final Disposition Report.
- A.5 All uses of funds paid to and expended by CONTRACTOR, including Unspent Funds, and other financial transactions related to CONTRACTOR's provision of services under this Contract are subject to review and/or audit by DPSS, COUNTY's Auditor-Controller or its designee.

A.6 Notwithstanding any other provision of this Contract, in addition to all other rights to monitor, CONTRACTOR and COUNTY agree that it is the intent of the parties that COUNTY shall have the right to audit any and all use of funds paid to and expended by CONTRACTOR, including Unspent Funds and its earned interest, in order to ensure that all funds are accounted for.

A.7 CONTRACTOR agrees to be bound by applicable COUNTY disallowed cost procedures, rules and regulations, and to repay to COUNTY any amount, with its earned interest, which is found to violate the terms of this Contract or applicable provisions.

2. **CONTRACT, SECTION xxx, STANDARD TERMS AND CONDITIONS, SUBSECTION xx is revised as follows. (This section will include any relevant updated terms and conditions.)**

All other terms and conditions of the Contract remain in full force and effect.

IN WITNESS WHEREOF, the Board of Supervisors of the COUNTY of Los Angeles has caused this Amendment Number XX to be subscribed on its behalf on the ____ day of _____, 2011 by the Director of the Department of Public Social Services and the CONTRACTOR has subscribed the same through its authorized officer. The person(s) signing on behalf of CONTRACTOR warrants under penalty of perjury that he or she is authorized to bind CONTRACTOR and that he or she holds the stated position noted below.

COUNTY OF LOS ANGELES

By _____
Philip L. Browning, Director
Department of Public Social Services

XXXXX

By _____
Name and Title
Address

By _____
Name and Title
Address

CONTRACTOR Tax Identification Number:

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN, COUNTY COUNSEL

By _____
Allison Morse, Deputy County Counsel